

# FAQ



## **What is Proposition S?**

In the simplest terms, Proposition S will approve a use tax to be imposed on the purchase of goods by Missouri residents from out-of-state vendors.

## **I already pay sales tax. Is this the same thing?**

No. The sales tax applies to retail purchases made within Missouri, while the use tax applies to purchases made from out-of-state vendors. Purchases cannot fall into both groups, so there is no way that a purchase would be taxed twice. It is also not a sales tax increase.

## **What rate is authorized?**

The use tax is imposed at the same rate at the local municipal sales tax rate, which for St. Charles is 2%.

## **Why is this important to residents?**

Increased online purchasing is having a negative impact on the City's sales tax revenue. Sales tax revenue supports City services such as police, fire and roads. If a use tax is not passed, current or future City leaders may need to look at alternative ways to replace lost revenue or adjust City services.

## **Do other cities in our area have this tax?**

On June 30, 2021, Missouri Governor Mike Parson signed into law the Wayfair bill (Senate Bill 153), which allows municipalities to collect a use tax from online retailers that sell and deliver more than \$100,000 in tangible goods to Missouri. Missouri was the 49th state in the United States to close this sales tax loophole. However, to enact the use tax in the City of St. Charles, voters must approve a use tax (Prop S). Many cities already have a use tax in our area – O'Fallon, Wentzville, Lake St. Louis, and St. Charles County. The majority of Missouri cities that do not currently have a use tax are putting this issue on the ballot in April, 2022.

## **Will Proposition S have other local benefits?**

In addition to supporting City services, Proposition S is an important tool in leveling the playing field for local businesses. Without a use tax in place, there is an advantage to buying online from an out-of-town vendor, instead of supporting and shopping at our local businesses.



PROTECT THE FUTURE OF OUR COMMUNITY